

KEY BISCAYNE POLICE OFFICERS & FIREFIGHTERS RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, FL 33149
REGULAR MEETING OF JULY 24TH, 2008

1. **Call to Order** – Chairman Michael Haring called the meeting to order at 5:40 P.M.

Roll Call

Present

Michael Haring, Chairman
Dr. Robert L. Maggs
Sherry L. Reed

Absent

Servando Parapar, Secretary
Jose L. Monteagudo

OTHERS PRESENT: Jonathan D. Larsen, Vice President/Investment Management from Trusco Capital Management, Burgess Chambers from Burgess Chambers & Associates, P/O Frank Hernandez, union representative from the Police Department, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Administrator.

2. **Additions/Deletions** – None.

3. **PRESENTATIONS**

- **Jonathan D. Larsen from Trusco Capital Management – 6/30/08 Market Report.** For the quarter only the mid cap equities showed a positive return. Key themes for the quarter were a soft U.S. economy, with weakness spilling over to trading partners; energy prices rose to record levels; liquidity issues eased but cyclical credit risks increased; the Fed shifted to a neutral stance; equity markets improved in the first half of the quarter, retreating amid signs of economic sluggishness; the bond yields rose and the yield curve flattened. Mr. Larsen discussed the recent government actions to address the financial crisis due to subprime loans. In fixed income a flight to quality was evidenced.
- **Burgess Chambers from Burgess Chambers & Associates – 6/30/08 Performance Report.** The net investment return for the quarter was -1.2% and -3.9% for the one year with the total fund's three year performance ranking in the top 40th percentile in a balanced moderate universe, also beating the benchmark for this time period. There were some areas of non-compliance, but Mr. Chambers did not recommend any changes at this time. Asset allocation as

of 6/30/08 is 48.6% domestic equity, 37.7% domestic fixed, 9.9% international, 2.0% cash and 1.8% REIT for a total market value of \$10,156,254.30.

4. Reading & Approval of Minutes for May 22nd, 2008. Chairman Haring presented the minutes from the past meeting for approval. Dr. Maggs moved to approve. Sherry Reed seconded the motion. The motion carried unanimously.

5. Approval of Invoices. Chairman Haring presented the invoices listed on the agenda for approval. Dr. Maggs moved to approve payment. Sherry Reed seconded the motion. The motion carried unanimously, authorizing payment of the following:

Burgess Chambers & Associates; 6/30/08 Performance Report	\$ 3,750.00
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Joan L. Wall, Admin., 5/15 – 7/16/08; 22 hrs, plus expenses	\$ 1,063.27
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6. Approval of Retirement Benefit. Chairman Haring presented the retirement benefit listed on the agenda for approval and payment. Dr. Maggs moved to approve payment. Sherry Reed seconded the motion. The motion carried unanimously, authorizing payment of the following:

P/O Carlos, Rodriguez, H/D 11/2/98, T/D 11/12/04, Retirement effective 9/1/2008, Monthly Benefit	\$ 826.55
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7. Refunds of Contributions. Chairman Haring presented the pending refunds of pension contributions listed on the agenda for approval and payment. Sherry Reed moved to approve payment. Dr. Maggs seconded the motion. The motion carried unanimously, authorizing payment of the following:

P/O Luis Diazlay, H/D 1/29/08, T/D 5/23/08, Contributions \$1,588.85, Less \$317.77 Mandatory 20% WH Tax, Net Check of	\$ 1,271.08
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P/O Rene Landa, H/D 9/7/04, T/D 5/23/08, Contributions \$39,676.57 Less \$7,935.31 Mandatory 20% WH Tax, Net Check of	\$31,741.26
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8. UNFINISHED BUSINESS – Village's audited financial statements, needed to obtain approval from Division of Retirement for the 2007 Annual Report. Resolved – 2007 Annual Report was approved by the Division of Retirement on June 24th, 2008.

NEW BUSINESS

9. A) Division of Retirement – 40th Annual Police Officers' & Firefighters' Pension Conference; September 8th through 10th, 2008 at Radisson Resort Orlando-Celebration, Kissimmee, Florida. Registration is free.

9. B) Status of Village Contribution Catch up per Trustees' request at the May 22nd, 2008 board meeting. On May 26th, 2008 an email was sent to Mr. White,

Village Finance Director, acknowledging the Village contribution percentage had been adjusted as of the April contributions as discussed at the March meeting. This left a shortage of approximately \$56,000 for the prior six month period. Mr. White was asked to advise when this catch up would be deposited. There has been no reply to this email. Review of the May and June custody statements reflected not only was the catch up payment not made, but for the month of June only one contribution on behalf of the employees and Village had been made instead of the normal two. A follow up email was sent to Mr. White on July 15th, 2008. As of meeting time today, Mr. White had not responded to either email. The trustees and Attorney Bieler recommended this be followed up with the Village Manager for resolution and that all future correspondence to Mr. White include wording that if he did not understand the request of the email, to please call for clarification. Also all emails to Mr. White should be copied to the Village Manager.

10. Trustees' Concerns – None.

11. REPORTS

Attorney – Attorney Bieler reviewed the details contained in Attorney Cypen's June 6th, 2008 letter regarding the increased focus the Internal Revenue Service will be directing upon governmental plans in the near future, encouraging trustees to pay particular attention to plan document requirements necessary to maintain the tax-qualified status of the plan. Most plans are required to update their plan documents by January 31, 2009 and may also apply for a determination letter by that date. While this is not required, the determination letter would assure the plan sponsor that the form of the plan satisfies tax qualification requirements. In light of the increased likelihood of IRS examination activity, Cypen & Cypen is recommending that all governmental plans undertake a compliance review and consider applying for a determination letter or an updated letter. Cypen & Cypen has spoken with Robert J. Friedman of Holland & Knight in connection with review of the plan documents and applying for the determination letter. While Mr. Friedman's normal fee was \$550 per hour, he had agreed to undertake these tasks for a reduced rate of \$250 per hour with a fee cap of \$25,000. If additional time was requested, the board would be advised. Dr. Maggs moved to engage the services of Mr. Friedman at the rate of \$250 per hour with a cap of \$12,500 with the understanding he would come back in advance in order for the trustees to approve any additional expenditures. Sherry Reed seconded the motion. The motion carried unanimously.

Attorney Bieler brought to the trustee's attention the resolution presented to the County Commission calling for a referendum on November 4, 2008 on whether to amend the Home Rule Charter to require transfer of fire protection and rescue services from all municipalities to the County. This did not pass due to the number of firefighters attending the commission meeting in protest.

Administrator – None.

Other – A memo dated July 17th, 2008 from Gabriel Roeder Smith & Company addressed the recent workshop held in Tallahassee by the Department of Management Services regarding proposed changes to Section 60T of the Florida Administrative Code, which were published in "Administrative Weekly" on or about June 24th. Mr. Palmquist and two other actuaries from the firm attended the workshop and presented various comments that these proposed changes could greatly increase sponsor contributions. Another workshop is being planned for September.

12. Input from Active/Retired Members – None.

13. Next Meeting Date/Adjournment. Chairman Haring announced the next regular meeting would be held on Thursday, September 25th, 2008. There being no further business before the board, the meeting was adjourned at 7:10 P.M.

Respectfully submitted,

Michael Haring, Chairman